

AMENDMENT OF SOLICITATION / MODIFICATION OF CONTRACT				1. CONTRACT ID CODE	PAGE 1	OF 2+Atts	PAGES
2. AMENDMENT / MODIFICATION NO. Amendment No. One (001)		3. EFFECTIVE DATE 6/29/00	4. REQUISITION / PURCHASE REQ. NO.		5. PROJECT NO. (If Applicable)		
6. ISSUED BY Federal Retirement Thrift Investment Board 1250 H Street, N.W., Suite 200 Washington, DC 20005		CODE	7. ADMINISTERED BY (If other than item 6)		CODE		
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)				<div style="border: 1px solid black; width: 20px; height: 20px; line-height: 20px; margin: 0 auto;">X</div>	9A. AMENDMENT OF SOLICITATION NO. TIB-00-R-02		
					9B. DATED (SEE ITEM 11) 05-26-2000		
					10A. MODIFICATION OF CONTRACT / ORDER NO.		
					10B. DATED (SEE ITEM 13)		
CODE		FACILITY CODE					
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS							
<input checked="" type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers <input checked="" type="checkbox"/> is extended <input type="checkbox"/> is not extended Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning <u>3</u> copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified later, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.							
12. ACCOUNT AND APPROPRIATION DATA (If required)		FUND 830X	ACT NO N/A	AMOUNT			
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.							
<input type="checkbox"/> A THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10 A.							
<input type="checkbox"/> B THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).							
<input type="checkbox"/> C THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:							
<input type="checkbox"/> D OTHER (Specify type of modification and authority)							
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.							
14. DESCRIPTION OF AMENDMENT / MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) <div style="text-align: center; padding: 20px;">See Continuation on Page 2</div>							
15A. NAME AND TITLE OF SIGNER				16A. NAME AND TITLE OF CONTRACTING OFFICER			
15B. CONTRACTOR / OFFEROR		15C. DATE SIGNED		16B. UNITED STATES OF AMERICA		16C. DATE SIGNED	

14. Description of Amendment/Modification (Continuation)

The purpose of this amendment is to extend the due date for receipt of offers and to identify contract performance related changes as follows.

a. SF 33, Block 9, change the due date from July 12, 2000 to August 9, 2000.

b. In Section B.3.c.1, Pricing Schedule Base Contract and Option Period, delete the last sentence and replace with: "The fee or credit schedule will apply to both the base contract period and the option period as defined in Section F."

c. In Section F.1, Base Period of Performance, delete the current sentence and replace with: "The base period of performance of this contract will run for a period of three years from the date identified by the Board for transition to the new TSP record keeping system. That system is expected to be in place during spring-summer 2001."

d. In Section J, Attachment 1, Information Request:

(1) I.E.4., delete the word "equity" and substitute "fixed income";

(2) delete the word "stock" where it appears in II.C.3, II.E, II.G, and II.I.

e. In Section L.8, paras. b and d, delete references to "July 12, 2000" and replace with "August 9, 2000."

f. Delete current Section M in its entirety and replace with the revised Section M in Attachment 1 of the amendment hereto.

g. Attachment 2 to this amendment provides a series of questions received concerning the RFP and the Board's responses.

///ATTACHMENTS FOLLOW///

SECTION M
EVALUATION FACTORS FOR AWARD

M.1. INTRODUCTION

This section sets forth the criteria to be used for the evaluation of all offers. These criteria will be applied to each offer to determine the successful Offeror. The evaluation process is described below.

M.2. EVALUATION OF OFFERS

The Board will select an Offeror for award in accordance with the guidance in FAR Part 15, the Board's Source Evaluation and Selection Procedures, and the terms of this solicitation. The following specific events will occur in the evaluation process:

- Step 1. The Board will review all proposals for compliance with the requirements of this solicitation document. Those proposals which do not conform, other than for minor irregularities, will not be given further consideration for award of a contract.
- Step 2. The Board's Technical Evaluation Panel will evaluate all technical proposals for compliance with the requirements of Clause M.4, "Minimum Technical Qualifications." Those proposals which do not conform to the requirements of Clause M.4 will not be given further consideration for award of a contract.
- Step 3. The Board's Technical Evaluation Panel will conduct a technical evaluation of all proposals which meet the requirements of Clause M.4 and which are not otherwise disqualified from consideration for award of a contract.
- Step 4. The Board will evaluate cost/pricing proposals in accordance with Sections B, L, and M.
- Step 5. The Board will consider the technical and cost/price evaluations of all rated proposals in order to determine that Offeror which proposes the best value in terms of lowest cost, superior service, or both.

Step 6. The Board will evaluate the responsibility of the apparent successful Offeror in light of the factors set forth in FAR Part 9.

M.3. EVALUATION FACTORS FOR AWARD

- a. The Board will make award to that responsible Offeror whose offer conforms to the solicitation and is most advantageous to the Board, cost or price and other factors considered.
- b. For this solicitation, technical quality is more important than cost. An evaluation of each offer will be made in the technical area, and if technically acceptable, in the cost area. The technical evaluation carries a 60% weight towards contract award, and the cost/price evaluation carries a 40% weight. A final cost/price score will be developed by combining the final technical evaluation and cost/price scores.

M.4. MINIMUM TECHNICAL QUALIFICATIONS

- a. The Technical Proposal must demonstrate compliance with the minimum technical factors listed below in order to be considered for award. Proposals which do not conform to the requirements of this clause will be rejected by the Technical Evaluation Panel prior to technical evaluation.
- b. All Offerors must demonstrate compliance with the following:
 - 1. The Offeror must comply with the statutory requirements specified in §§ 8438 and 8478 of Title 5 of the United States Code and must agree to serve as a fiduciary of the Thrift Savings Fund, as defined in § 8477 of Title 5, with respect to all assets of the Fund under management or custody.
 - 2. The Offeror must be a "qualified professional asset manager" as defined in § 8438 of Title 5 of the United States Code.
 - 3. The Offeror must provide a daily-valued, commingled, LBA index fund suitable for a tax-qualified plan.
 - 4. The proposed fund must have a minimum of \$3.5 billion (market value as of June 30, 2000) in assets under management. (See Section J, Attachment 1, paragraph

I.E.1 for a discussion of modular or tiered structure as it applies to the size of the proposed fund. That discussion applies to the minimum size requirement as well). The proposed commingled fund must have been in operation for a minimum of 3 years.

5. The offered fund must be designed to track the LBA index.
6. The offered fund must provide a securities lending program.
7. The offered fund must accept trades each business day, on a pre-notification trade basis (i.e., trade executed at closing prices on the trade date), with an investment notification deadline no earlier than 2:00 p.m., eastern time. The offered fund must accept funds to cover purchases one business day after the trade date and must wire redemption proceeds one business day after the trade date.
8. The Offeror must provide, through an electronic data file in the format provided by the Board, to the TSP record keeper on each business day the TSP's share of total earnings, in dollars, for that business day. Total earnings include capital gain or loss (net of trading costs), interest income, securities lending income, and any income from the cash account. The daily earnings are to be transmitted as soon as available each business day, but no later than 6:00 p.m. eastern time. The Offeror must also provide other required information, transaction summary reports, monthly transaction reports, and monthly performance reports in a timely manner.

M.5. TECHNICAL EVALUATION

Upon determining Offeror compliance with the minimal technical criteria identified in paragraph M.4 above, the technical evaluation panel will evaluate those proposals for technical compliance with the requirements of this solicitation document. The evaluation will be consistent with the evaluation criteria identified below:

1. Organizational Experience - 10 points
 - a. Qualifications of portfolio managers, administrative account servicing, and other investment personnel.
 - b. Size, growth, and longevity of proposed fund.
2. Trading - 30 points
Demonstrated ability and opportunity to minimize trading costs.
3. Tracking of the LBA Index - 10 points
4. Fiduciary and Administrative Competence - 10 points
 - a. Ability to carry out fiduciary responsibilities.
 - b. Quality of securities lending program.
 - c. Ability to provide timely and accurate reports containing the required information.

M.6. COST/PRICE EVALUATION

- a. The Board will analyze all technically acceptable proposals to determine the price of each proposal. The Board anticipates assigning 40 points to the price proposal evaluation.
- b. The Board will use the information submitted in Section B.3. to determine the proposal with the lowest net fees (defined as management fees plus custodian fees less securities lending income) at each asset level and will assign lower point scores to those proposals with higher net fees at each level, in accordance with the following schedule:

<u>Net Fees On</u>	<u>Point Allocation</u>
First \$4.0 billion	25 points
Above \$4.0 billion	15 points

- c. Cost evaluation points are attributed to each Offerors' net fees as follows: The lowest Offeror receives maximum points for each category. For every basis point above the lowest net fee at each asset level, the corresponding score

is reduced 3 points (incremental increases of less than one basis point reduce the score proportionately, e.g., a .5 basis point increase in fees result in a 1.5 point reduction in score).

- d. The technical points earned as a result of the evaluation in M.5 will be added to the results of the M.6 evaluation, rendering a total score for each proposal.

M.7. AWARD

- a. While the total score will be an important factor in contract award selection, the Board will award any contract resulting from this solicitation to that Offeror presenting the most advantageous offer to the Board, all factors considered.
- b. The Board may reject any or all offers, accept other than the offer proposing the lowest management fees, and waive informalities and minor irregularities in offers received.
- c. The Board may award a contract on the basis of initial offers received, without discussions. Therefore, each initial offer should contain the Offeror's best terms from a price and technical standpoint.

M.8. TIME OF AWARD

The Board expects to make an award in CY 2000. The awardee will be expected to conduct system tests associated with the new Thrift Saving Plan record keeping system prior to initiating fund management.

NOTHING FOLLOWS

The questions below are a compilation and distillation of questions that have been received from interested parties. Our answers follow.

QUESTIONS AND ANSWERS

Q. What is meant by "suitable for a tax-qualified plan" in C.3.b.2?

A. The term "suitable for a tax-qualified plan" means any commingled fund that is established and maintained for tax-qualified employee benefit plans. This encompasses commingled funds that include ERISA-qualified plans.

Q. Does the Board currently participate in a commingled ERISA investment fund?

A. The current C and F Funds are invested in commingled funds that include ERISA plans.

Q. In C.3.b.6, elaborate on your requirement to provide the daily trade notification deadline no earlier than 2:00 p.m. Eastern Time. Is the deadline a function of the record keeper's process or a function of predetermined participant related communication. Would the Board consider the general industry standard termed "late notification" with communication no later than 7 a.m. on the day after participant communication?

A. The 2:00 p.m. eastern time (or later) deadline is a function of the record keeper's process. The Board considered and rejected use of "late notification" or "post notification" trading, which would have allowed for trades to be placed as late as 7:00 a.m. on the following day, but with execution at the opening prices on the following day.

Q. In C.3.b.10, the Board requires the contractor to provide "on each business day the TSP's share of the proposed

fund's total net earnings, in dollars, for that business day. Total net earnings include capital gain or loss (net of trading costs), interest income, securities lending income, any income from the cash account, or any other income." Generally, the industry standard for ERISA qualified daily funds is to include income components within the daily NAV (unit value) and not to distribute income/capital gains which is a function of Mutual Fund processing. Do you currently participate in a commingled ERISA fund that distributes income, capital gains? If yes, at what frequency (monthly, quarterly)?

A. The capital gain or loss component is the increase or decrease in the value of the securities held in the fund each day. The TSP will use that number, along with other components of earnings (such as interest on the Plan's short-term investments in the Government Securities Investment Fund pending transfer to the asset manager, and accrued administrative expenses) to calculate the share prices for each investment fund on each business day. This calculation will not be performed by the asset manager. Accordingly, the Board needs from the asset manager the gain, loss, and other income figures that will be part of the numerator of the share price calculation (what we believe NAV means).

Q. In Section J, Attachment 1, II.A.2, what is the definition of pre and post notification trading?

A. The Board decided to permit participants to enter transactions as late as noon, eastern time, for execution as of prices at the close of business that day, with Board trades effectuated as of the close of business that day as well. This is what we mean by pre-notification trading; the Board's trades are executed as of the closing prices on the trade date, i.e., the same date that the trade is placed and the deadline for participant-entered transactions applies.

Q. In Section J, Attachment 1, paras. II.C.3, II.E, II.G, and II.I, there is reference to "activity priced at closing stock prices" which has greater relevance to equities; verify this is what you want answered.

A. The word "stock" in each of the referenced locations is incorrect and should be deleted. See 14.d.(2) of the amendment.

///NOTHING FOLLOWS///